

PERAC

COMMONWEALTH OF MASSACHUSETTS | PUBLIC EMPLOYEE RETIREMENT ADMINISTRATION COMMISSION

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JOSEPH E. CONNARTON, *Executive Director*

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MEMORANDUM

TO: Marlborough Retirement Board

FROM: Joseph E. Connarton, Executive Director

RE: Approval of Funding Schedule

DATE: December 4, 2015

This Commission is hereby furnishing you with approval of the funding schedule you recently adopted (copy enclosed). The schedule assumes payments are made on July 1 of each fiscal year. The schedule is effective in FY16 and is acceptable under Chapter 32.

This schedule reflects a reduction in the investment return assumption from 7.75% to 7.50% and the adoption of a fully generational mortality assumption.

If you have any questions, please contact PERAC's Actuary, Jim Lamenzo, at (617) 666-4446, extension 921.

Enc.



SECTION 2: Valuation Results for the City of Marlborough Contributory Retirement System

CHART 15

Funding Schedule – Fully Funded by June 30, 2027 with Amortization Payments That Increase by Approximately 4.6% per Year

(1) Fiscal Year Ended June 30	(2) Employer Normal Cost	(3) Amortization Payment	(4) Total Plan Cost: (2) + (3)	(5) Unfunded Actuarial Accrued Liability at Beginning of Fiscal Year	(6) Percent Increase in Total Cost
2016	\$1,782,385	\$6,013,836	\$7,796,221	\$62,290,830	--
2017	1,825,291	6,289,017	8,114,308	60,497,768	4.08%
2018	1,869,212	6,576,790	8,446,002	58,274,407	4.09%
2019	1,942,321	6,877,730	8,820,051	55,574,939	4.43%
2020	2,018,269	7,192,441	9,210,710	52,349,499	4.43%
2021	2,097,166	7,521,553	9,618,719	48,543,837	4.43%
2022	2,179,127	7,865,724	10,044,851	44,098,956	4.43%
2023	2,264,270	8,225,643	10,489,913	38,950,725	4.43%
2024	2,352,716	8,602,032	10,954,748	33,029,463	4.43%
2025	2,444,595	8,995,644	11,440,238	26,259,488	4.43%
2026	2,540,038	9,407,266	11,947,304	18,558,633	4.43%
2027	2,639,182	9,837,723	12,476,905	9,837,723	4.43%

Notes: Recommended contributions are assumed to be paid on July 1.

Assumes contribution of budgeted amount for fiscal year 2016

Employer normal cost increases at 2% for the first three years and 3.5% thereafter, plus an additional 0.15% adjustment to total normal cost to reflect the effects of mortality improvement due to the generational mortality assumption.